



February 10, 2011

Good Morning. My name is Mark Dickens and I am the Chief Executive Officer of the Michigan Academy of Family Physicians. MAFP represents over 3,000 family doctors and is the largest primary care specialty group in the state. On behalf of all our members, I want to thank Chairwoman Haines and the members of the Health Policy Committee for allowing me to speak to the issues physicians face in their efforts to care for their patients.

As members of the Health Policy committee, you heard two weeks ago from representatives from the Michigan Department of Community Health. Their testimony discussed the department's regulatory functions and the "pressing health issues facing Michigan." These include the growing number of individuals on Medicaid and various public health concerns such mental health treatment, infant mortality rates, and the rates of smoking and obesity. You have also heard today from representatives of the Michigan Health and Hospital Association on how these pressing health issues can lead to greater utilization of their emergency rooms and the challenges it can cause in terms of capacity and uncompensated care.

MAFP believes greater support of primary care can not only address these growing concerns in Michigan's healthcare, but it can do so in an efficient and cost-effective manner. It has been proven in other countries, in other states, and even in Michigan, that family physicians and other primary care specialists hold the potential to improve patients' health while lowering costs. However, this potential can only be realized if and when a number of barriers are removed from their ability to practice.

The majority of family physicians practice in a solo or small group practice setting. They are first and foremost medical doctors, but they are also small business owners who pay for an office building and employ thousands in Michigan. On average, family physicians face 70-75% in overhead costs due to employee salaries and medical benefits, medical equipment purchases, high medical liability premiums, and often high individual medical school debt. Pursuing policies designed to decrease the expenses of running a medical practice such as medical malpractice reform or medical school debt forgiveness programs is an essential piece for improving physicians' ability to care for their patients. A reduction in practice expenses will allow physicians to make additional capital investments in their practices, whether that is the purchase an electronic medical record or the hiring of additional medical staff like advanced practice nurses, physician assistants, or other non-medical personnel. While these investments will help physicians of all specialties provide better care for their patients, family physicians and other primary care specialists ultimately need reform of payment policies.

In today's healthcare system, one of the biggest cost drivers is chronic disease, especially when patients allow their chronic diseases to go unmanaged. One of the biggest ironies of our healthcare system is the burden it places on the patient – the one least trained in the complex culture and language of medicine – to transfer information between their health care providers. Family physicians and other primary care specialists can serve as a patient's advocate in the healthcare system, coordinating their care between any number of sub-specialists and care settings.

Policies that encourage the adoption of electronic medical records by all physicians will go a long way to help coordination by increasing the ability of physicians to communicate across specialties in different care settings, but the fundamental issue for primary care physicians under current payment models is time. The traditional fee-for-service models pay based on the number of patients treated and does not allow much flexibility for the administrative tasks required for care coordination. A *New England Journal of Medicine* study in 2010 showed primary care physicians, in addition to the work required to treating patients each day, have on average 17 e-mail messages to write, 14 consultation reports to review, 24 phone calls to field, 11 x-ray and imaging reports to read, 12 prescriptions to refill and 20 laboratory reports to be checked. Under current payment models, all of this work is uncompensated.

When patients, especially those with chronic disease, are left unmanaged due to poor coordination of care, it results in increased utilization of emergency rooms and increases the chances of duplication of services or other waste in the system. Many insurers, including several in Michigan, have recognized this fact and have begun to adopt policies for incentives designed to reward primary care physicians for care coordination efforts and a reduction in unnecessary claims.

Blue Cross Blue Shield of Michigan's Provider Group Incentive Program (or PGIP) is one of the largest in the nation. The program supports primary care physicians actively engage in care coordination, including providing enhanced access to their offices, same-day appointments, and more options for communication such as email and phone calls with patients. For their efforts, BCBS pays primary care physicians an additional 10 percent for patient office visits. According to a recent *Detroit News* article, the program saved Blue Cross \$80 million last year due to a 25 percent reduction in hospitalization for patients with chronic diseases like diabetes. Additionally, it saved Blue Cross members money through a reduction in "unnecessary tests, prescriptions, doctor visits, avoidable hospital admissions and emergency room visits – all of which can have high co-pays or deductibles."

In his State of the State address Governor Snyder said, "All of our citizens need access to preventative care from primary care providers. It's critical to prevent routine ailments from becoming severe conditions requiring emergency room treatments." MAFP believes the legislature can help Governor Snyder achieve this goal by pursuing policies that support and encourage the adoption of patient centered medical home models in both the private and public sector.

Thank you very much for your time.